

6 Essentials you must know about the Legality of Cryptocurrencies !

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Make sure to be updated about Legality of Cryptocurrencies

Cryptocurrencies have been part of our life for the last 8 years and from that moment, the industry has developed very quickly. With more than 600 cryptocurrencies in the market, there are opportunities for innovation but also, many people are afraid that they can be used for doubtful purposes, such as illegal transactions and money laundering. That's why it is very important to understand the legality of cryptocurrencies.

In this manner, different institutions and governments see cryptocurrencies as a challenge. They know that the anonymity of transactions and its decentralization make more difficult the regulation of this system to avoid the use of cryptocurrencies for criminal activities.

Every cryptocurrency has unique features, so to determine its legality, we need to evaluate all of its security qualities and then, study if it could be vulnerable to be used for illegal purposes. That's why this time, we are going to share 6 essential aspects you should know about the legality of this activity in order to clear the doubts of many people who often ask us if this system will be legally sustainable in the future.

1. Cryptocurrencies aren't actually currencies.

Regardless they are called virtual currencies; cryptocurrencies are more considered as a digital exchange mean. Lawyers around the world don't identify them as a currency because they aren't coined by any state. For example, in the jurisprudence of USA, it is considered as a "good asset".

In fact, an agency from the Treasury Department of the USA doesn't consider Bitcoin as money properly, but as a "business of money's services" that has an equivalence in the fiduciary currency.

2. Bitcoin is gaining legal trust.

The most popular cryptocurrency in the market has been legally declared as an asset or merchandise, not a currency, even knowing that it perfectly meets the requirements and properties that money needs to have: it is an exchange mean, unity of account and backup of value.

Its legal state as a money is not defined in America, unlike other countries and jurisdictions like Japan, where the cabinet officially recognized cryptocurrencies as a method of payment. In addition, the European Union has declared it as a currency and not a merchandise for tax purposes.

3. Countries are thinking about coining their own cryptocurrencies:

This would add the missing element in order that cryptocurrencies be considered properly as currencies. Estonia is bearing in mind developing "Estcoins", a cryptocurrency based in the same technology of Bitcoin, but supported by the government and accessible to anyone with digital citizenship.



4. The role of Bitcoin in countries with established laws:

Cryptocards This cryptocurrency is considered in different ways inside those countries where a legal framework about the topic exists. The perception of bitcoins in these places are: [\(http://www.cryptocards.io/\)](http://www.cryptocards.io/) [Card Types](#) [Blog](#) (<http://www.cryptocards.io/blog/>)

- United States: is considered a commodity due to its volatility.
- Germany: used as a private money.
- Spain: money of Legal course.

5. Legality of cryptocurrencies will depend on your location:

Knowing that natural people are the ones who control the production of bitcoins and they can even mine them from their own houses, is very common to wonder if this activity is legal. Well, the answer will depend on your jurisdiction because for a behavior to be considered as a crime, it must be previously established as such in the law.

This means that if the law doesn't describe that the mining of cryptocurrencies is a crime, then it is not. We can mention countries that have clearly expressed the prohibition of this activity such as:

- Bangladesh

- Bolivia

- China

- Ecuador

- Iceland

- India

- Russia

- Sweden

- Thailand

- Vietnam

However, we can also find places like Venezuela, where it is not written in any place that mining bitcoins is illegal but still, the police is chasing these people, claiming that the country works under a currency exchange control.

The people who get caught handling cryptocurrencies in Venezuela don't go to jail but they spend a few hours arrested because, once again, we need to remember that we are not dealing with a coin, but a digital asset. In this manner, it can't be considered as an exchange control crime because cryptocurrencies aren't actually currencies.

In this manner, the police in Venezuela is not chasing the people who manage bitcoins because this is not a crime. They are looking for the places where these cryptocurrencies are massively mined, taking advantage of the low electricity costs, which makes this business enormously profitable.

6. The need of a Legal Framework:

The truth is that the legality of cryptocurrencies is incomplete without a legal framework to support it, putting it in a risky position when it comes to investment. However, this hasn't stopped this cryptocurrency from generating millionaire investments with the participation of Bill Gates who gave it the go-ahead with the incorporation of the Blockchain (<http://www.cryptocards.io/essentials-need-know-blockchain/>) technology inside Microsoft.

Sir Richard Branson also has invested in Bitcoins because he sees a good future in this technology. However, regardless the trust of many people, most of the countries haven't established a position related to cryptocurrencies because they don't know how to act in front of this unexpected situation.

In this manner, even if your country hasn't expressed clearly about the prohibitions in the use of cryptocurrencies, we recommend you to stay updated for possible regulations and tax policies about it, to not incur into any illicit act. It's sad to see how cryptocurrencies are also used to finance illegal acts, being part of the organized crime due to the anonymity and decentralization of its technology.

In this manner, the different legislative powers in the world are finding the best way to maintain guarantee the legality of cryptocurrencies with a unitary regulatory framework that can facilitate the criminalistics investigations that involves the tracking and identification of criminals who make use of this revolutionary financial invention.

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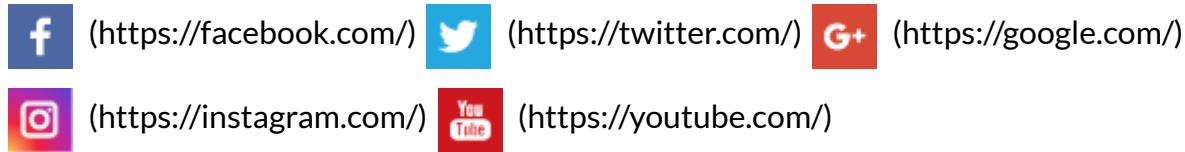
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